

 Association of Bay Area Governments

# Fall General Assembly

Planning and Development During  
Economic Downturns:

*Building  
New Partnerships*

**October 22, 2009**

Westin St. Francis  
San Francisco

PLANNING

PRIORITIES

PERFORMANCE

PARTNERSHIPS



# **Leveraging Sustainability:**

**Funding Bay Area  
Transit, Economic Development and  
Community Livability**

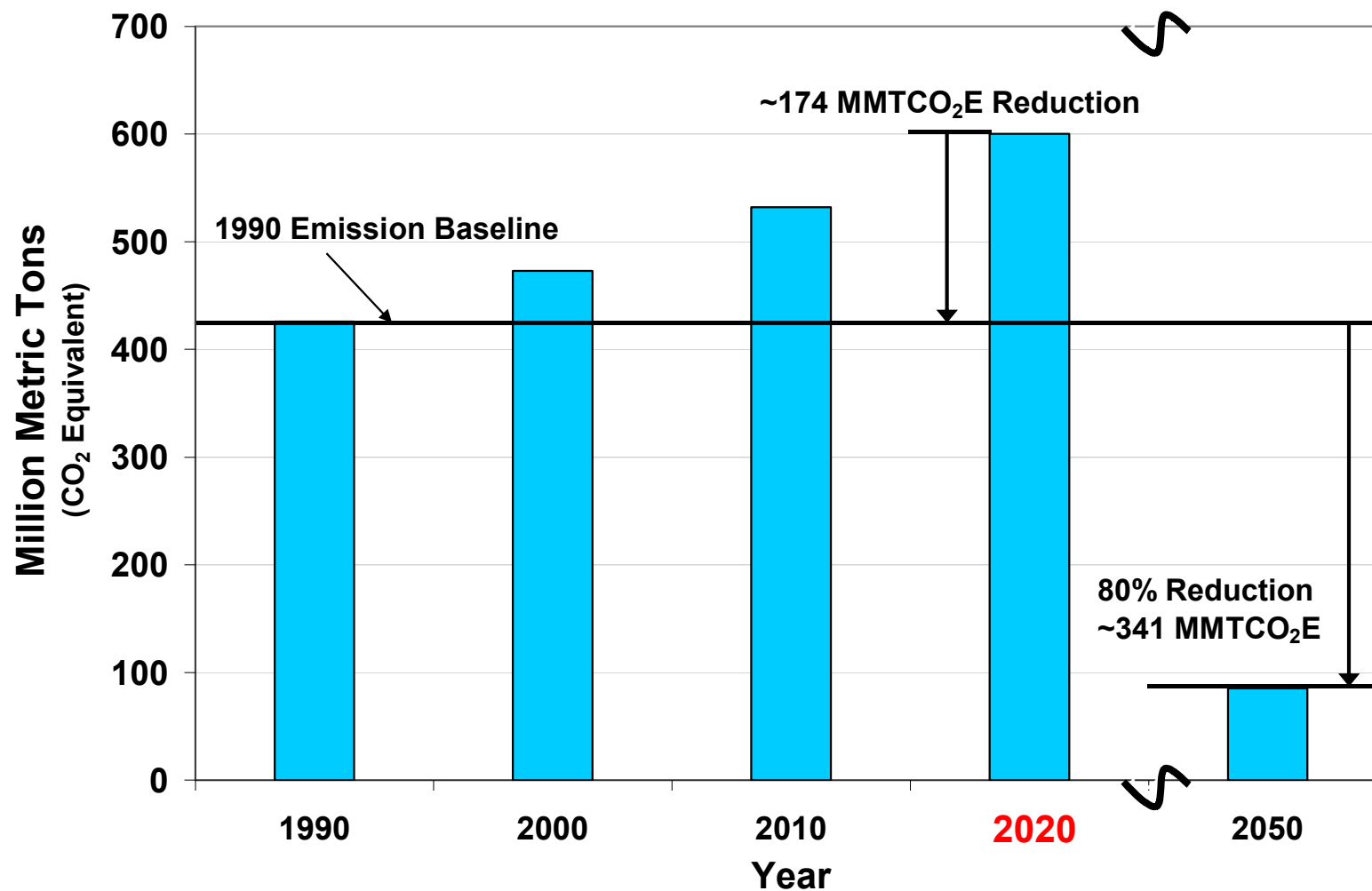
**ABAG General Assembly**

William Kohn Fleissig  
Communitas Development Inc.

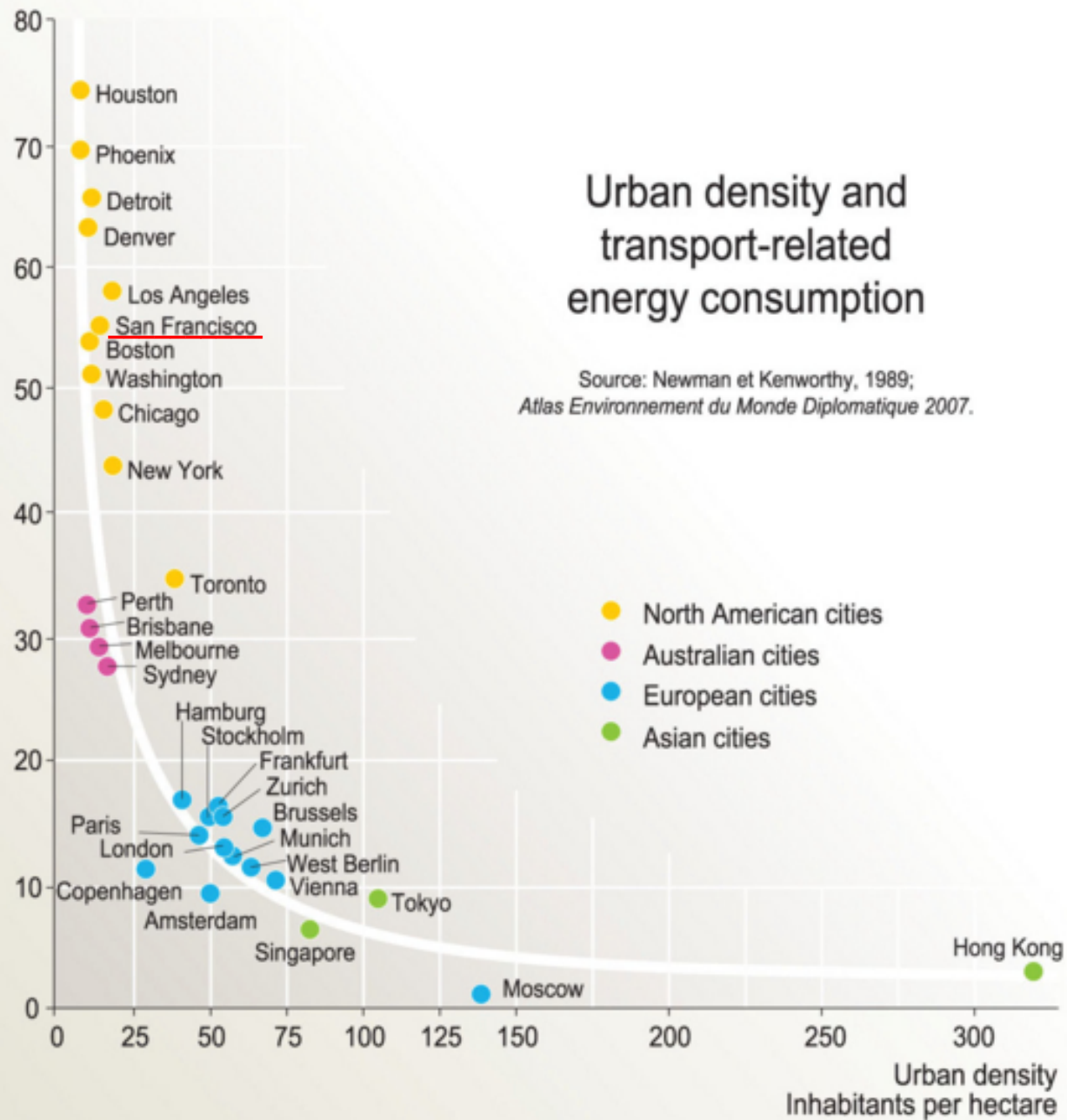
October 22, 2009

# Magnitude of the Sustainability Challenge

CAT Report Emissions



Transport-related energy consumption  
Gigajoules per capita per year



# **HUD And DOT Interagency Partnership**

## **Sustainable Communities**

March 18, 2009

***A new partnership to help American families gain better access to affordable housing, more transportation options, and lower transportation costs***

- ***Enhance integrated regional housing, transportation, and land use planning and investment.***
- ***Help metropolitan areas set a vision for growth – integrate transportation, housing and other investments to support that vision.***
- ***Redefine affordability and make it transparent.***
- ***Develop livability measures.***
- ***Encourage location efficiency in housing and transportation choices.***

# Critical Questions

- Is there a BIG IDEA – a clear vision to guide our decisions?
- How to accelerate those decisions to achieve that vision?
- How to leverage Sustainability goals to achieve Livability and Employment objectives?
- How to finance the vision?
- How to manage and execute the core strategies?

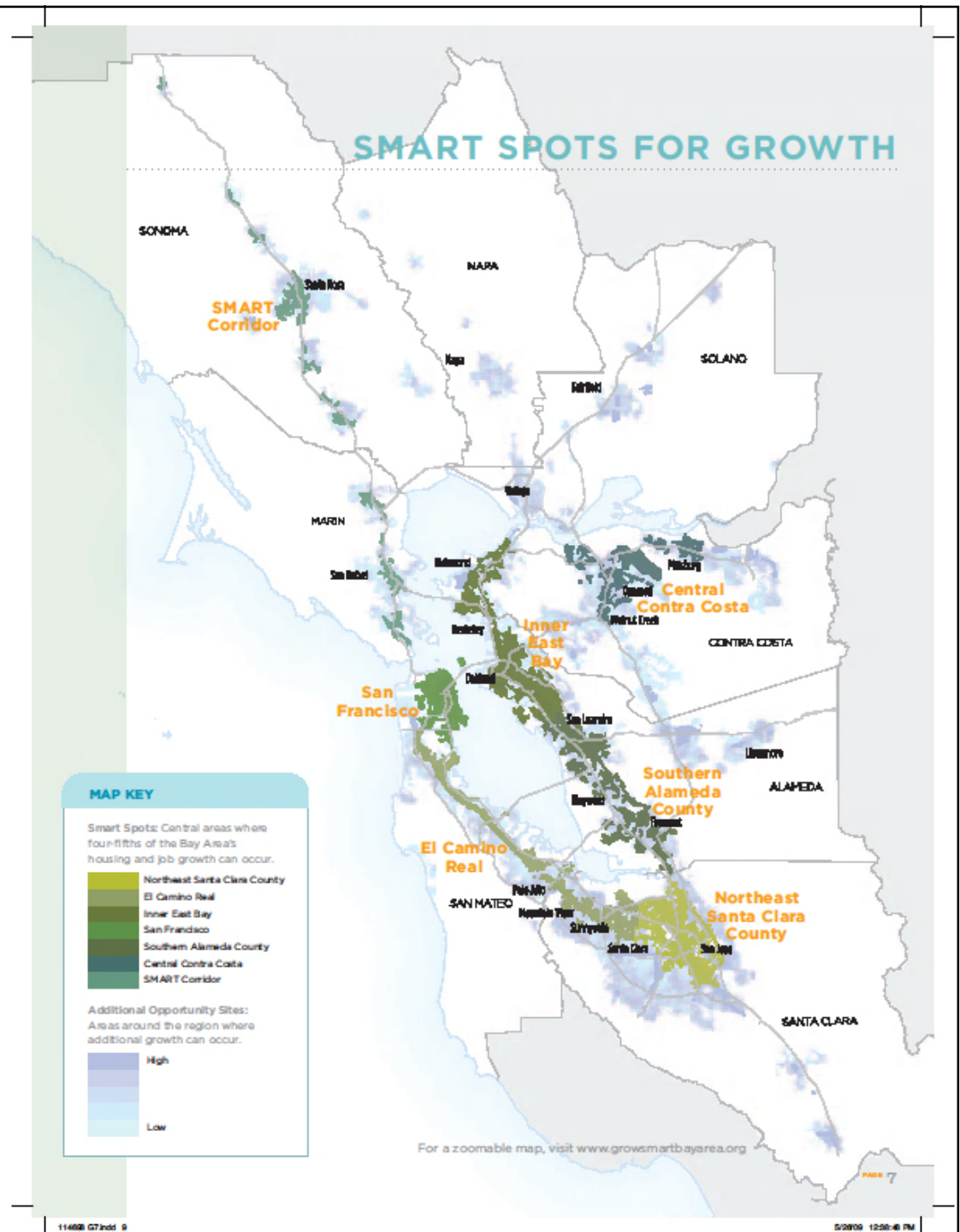
# Grow Smart Bay Area

## Greenbelt Alliance

“Greenbelt Alliance’s goals of focusing growth in urban areas and protecting iconic landscapes will make the San Francisco Bay Area a model for how the nation can grow greener and live better.”

—Congresswoman Nancy Pelosi,  
Speaker of the House

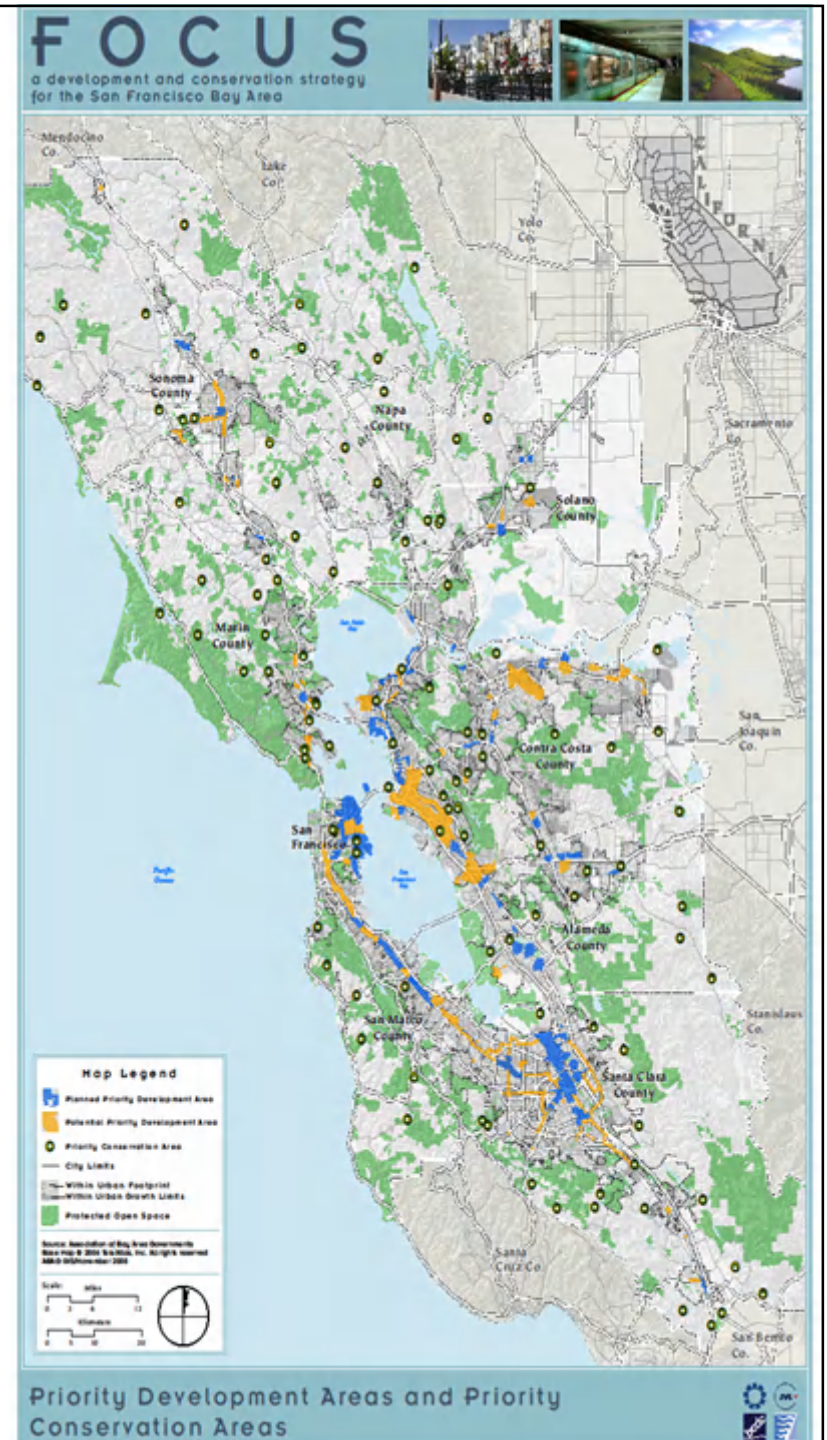
[www.growsmartbayarea.org](http://www.growsmartbayarea.org)



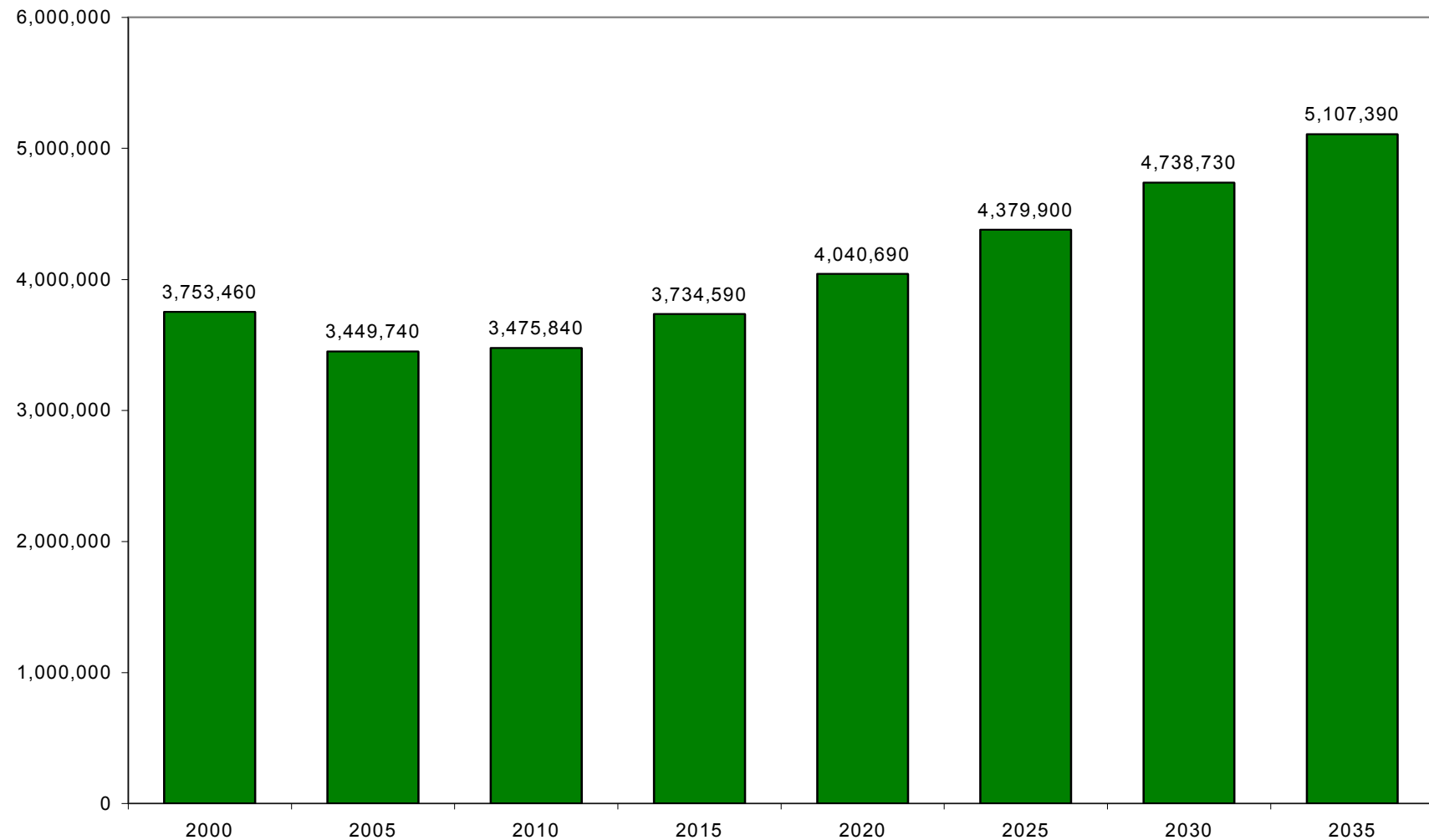
# Does FOCUS Get the Bay Area to the Goal Line?

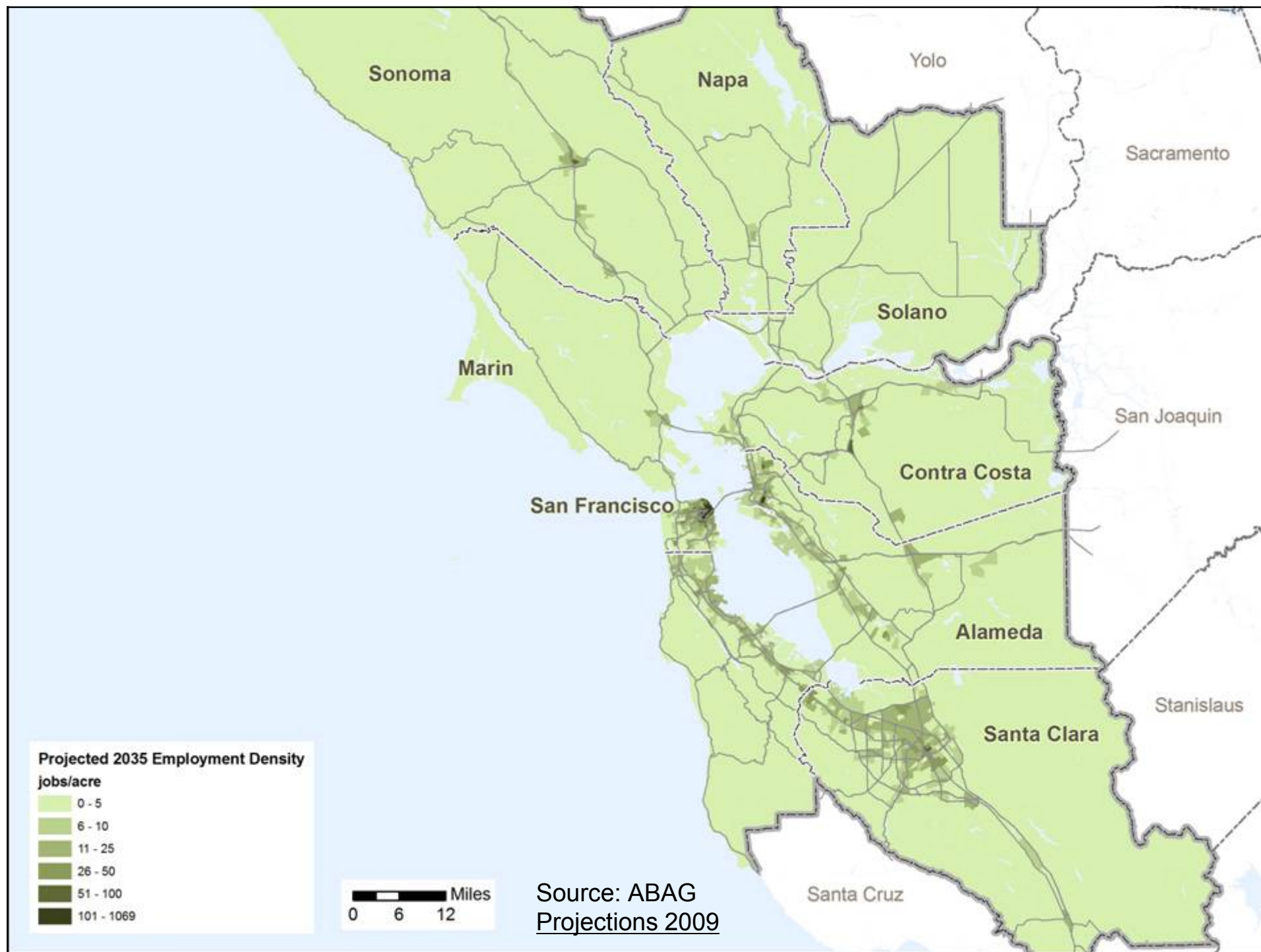
## Preferred Development and Conservation Areas

- Strengthen and support unique existing communities
- **Create compact, healthy communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents**
- Increase housing supply and choices
- Improve housing affordability
- Increase transportation efficiency and choices
- Protect and steward natural habitat, open space, and agricultural land
- Improve social and economic equity
- Promote economic and fiscal health
- Conserve resources, promote sustainability, and improve environmental quality
- Protect public health and safety

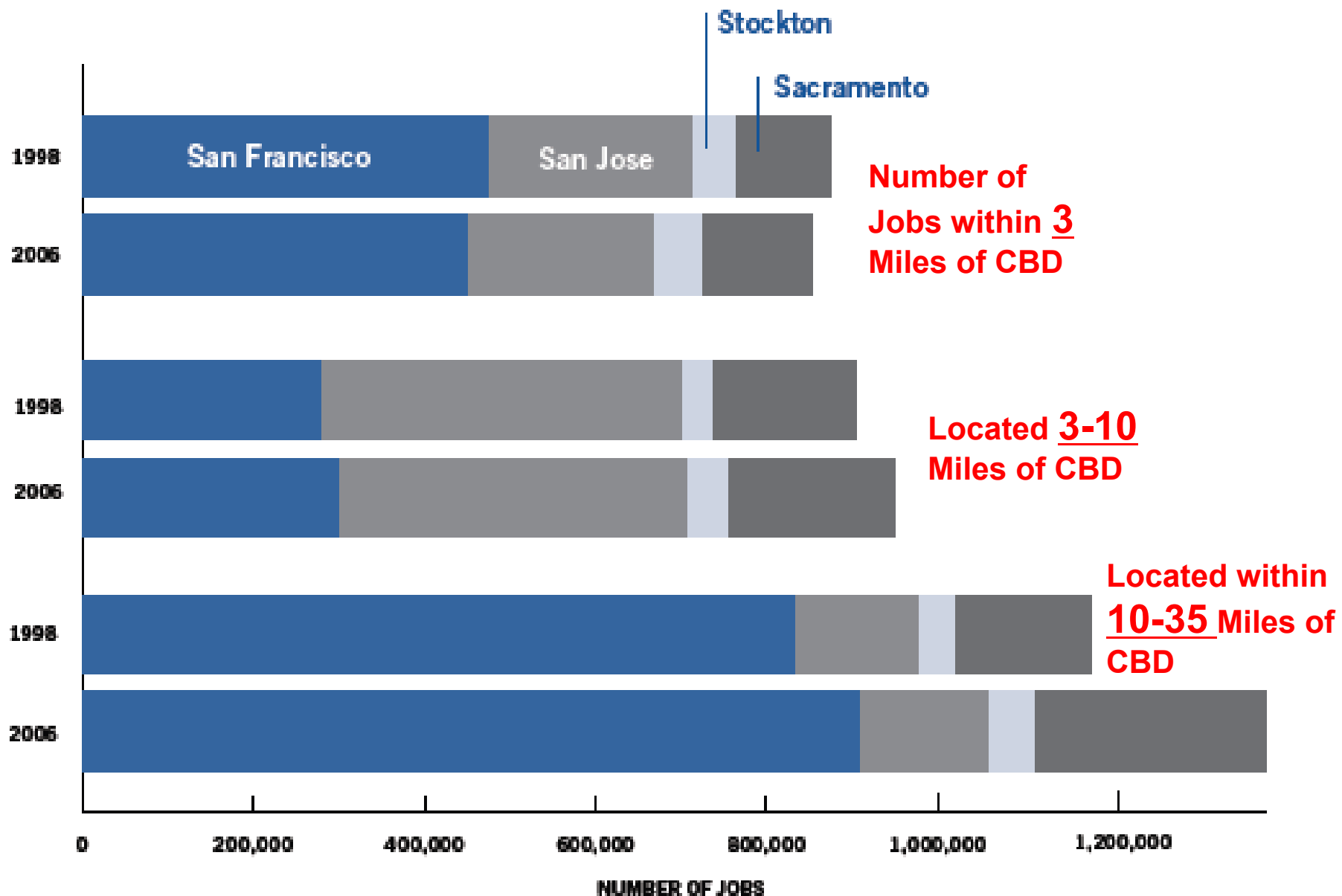


# Bay Area Employment





# SHIFTS IN THE LOCATION OF JOBS IN THE NORTHERN CALIFORNIA MEGAREGION



Source: Kneebone, Elizabeth. 'Job Sprawl Revisited: The changing geography of metropolitan employment.' Brookings, 2009.

# Target New Housing and Employment

- Incremental MXD along Suburban Arterials
  - Older Mall Sites
  - Outmoded Big Box and Strip Retail
  - Class C Business Parks
- New “Zero Carbon” Communities (5,000+ population)
  - 250+ acre brownfield/industrial sites
  - Community-wide energy systems
  - Access to employment, town services and MXD village center
  - Carbon trading with agricultural communities for new Greenfield Communities
- Sustainable Development Corridors
  - 1 - 4 municipalities with common interests
  - Transit line connected to shuttles that extend mobility
  - Expand range of densities within 1 mile either side
  - Create special financing districts via Inter Governmental Agreements (IGA's)

# **Sustainable Development Corridors**

## **Foster Sustainable Development Districts with linked funding for:**

- Transit
- Bicycle / Ped Connections
- Parking Districts
- School Enhancements
- Bus and Shuttle Network
- Urban Open Lands
- Mixed Density (+10-20%)
- Work Force Housing

## **Expand transit options to and from employment clusters**

- Corporate Campuses
- Suburban Jobs Corridors
- Industry Clusters
- Re-use of Older Malls
- Urban Open Lands
- Micro Firms in urban industrial zones

## **Enable financing districts that can capture additional property values and sales revenues**

- Transit Improvement Districts
- Public Improvement Fees
- Parking Districts
- Special Assessment Districts
- Business Improvement Districts
- Urban Renewal Districts

**Attract equity capital from pension funds, foundations, and investors seeking continuous, long term returns with lower risk.**

# Sugar Cubed Building, LODO, Denver

- 3 level underground parking (136 spaces)
- 8,000 sf ground floor retail
- 50,000 sf Class AA Office  
(Floors 2-4)
- 37 for rent residential units  
(Floors 5-10)
- **Equivalent Silver LEEDS**









# Belmar, Lakewood, CO











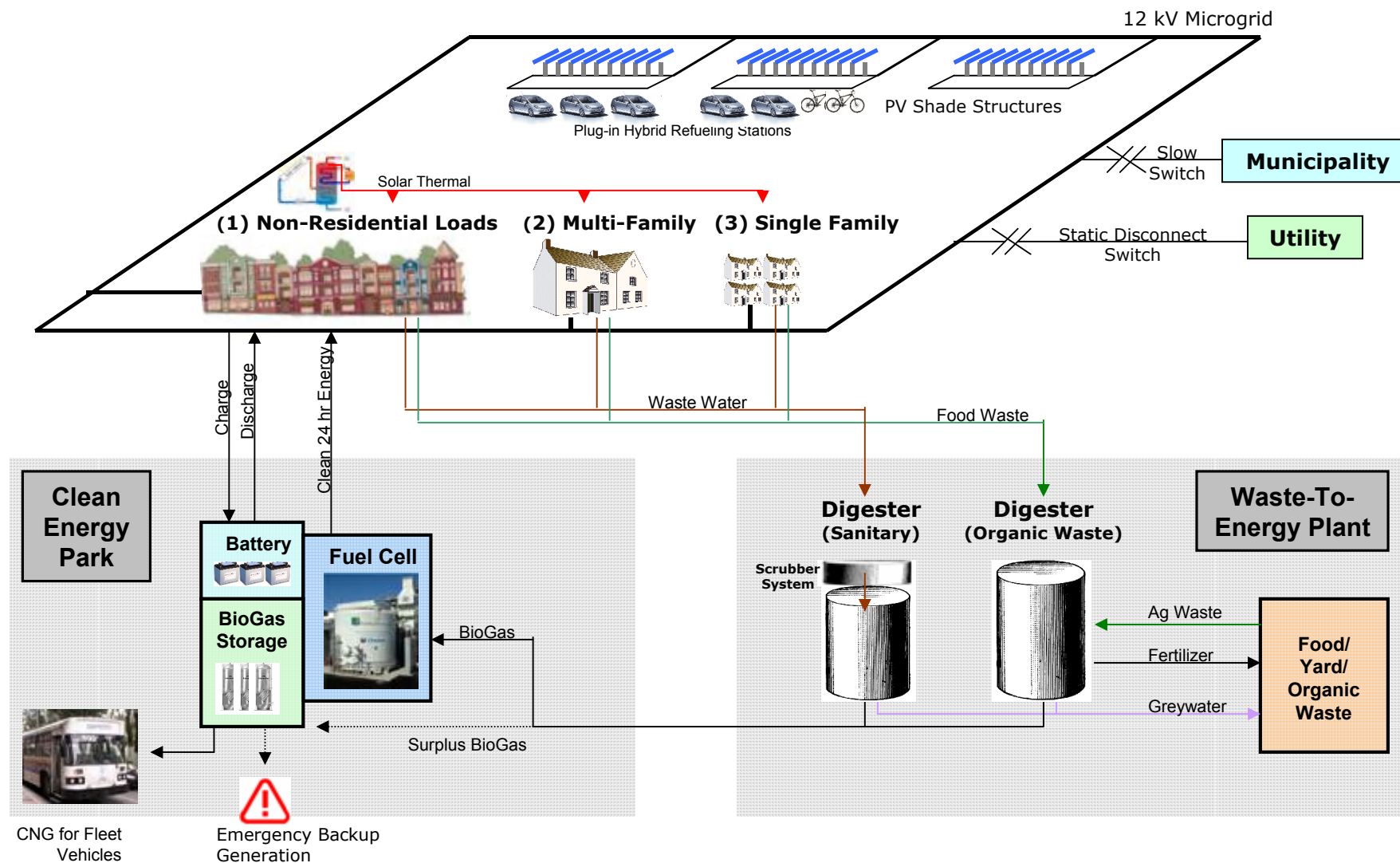


# West Village, UC Davis, CA

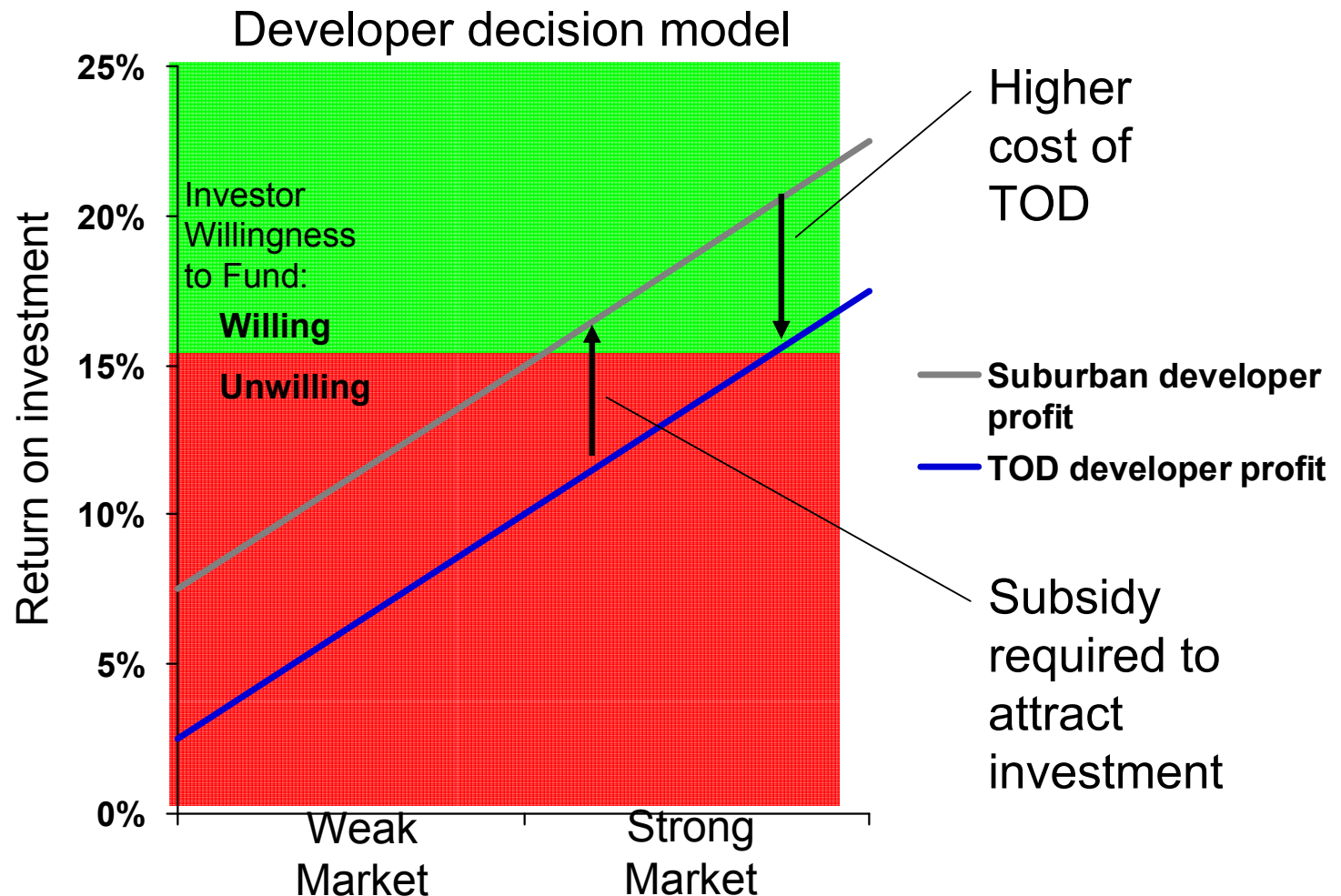




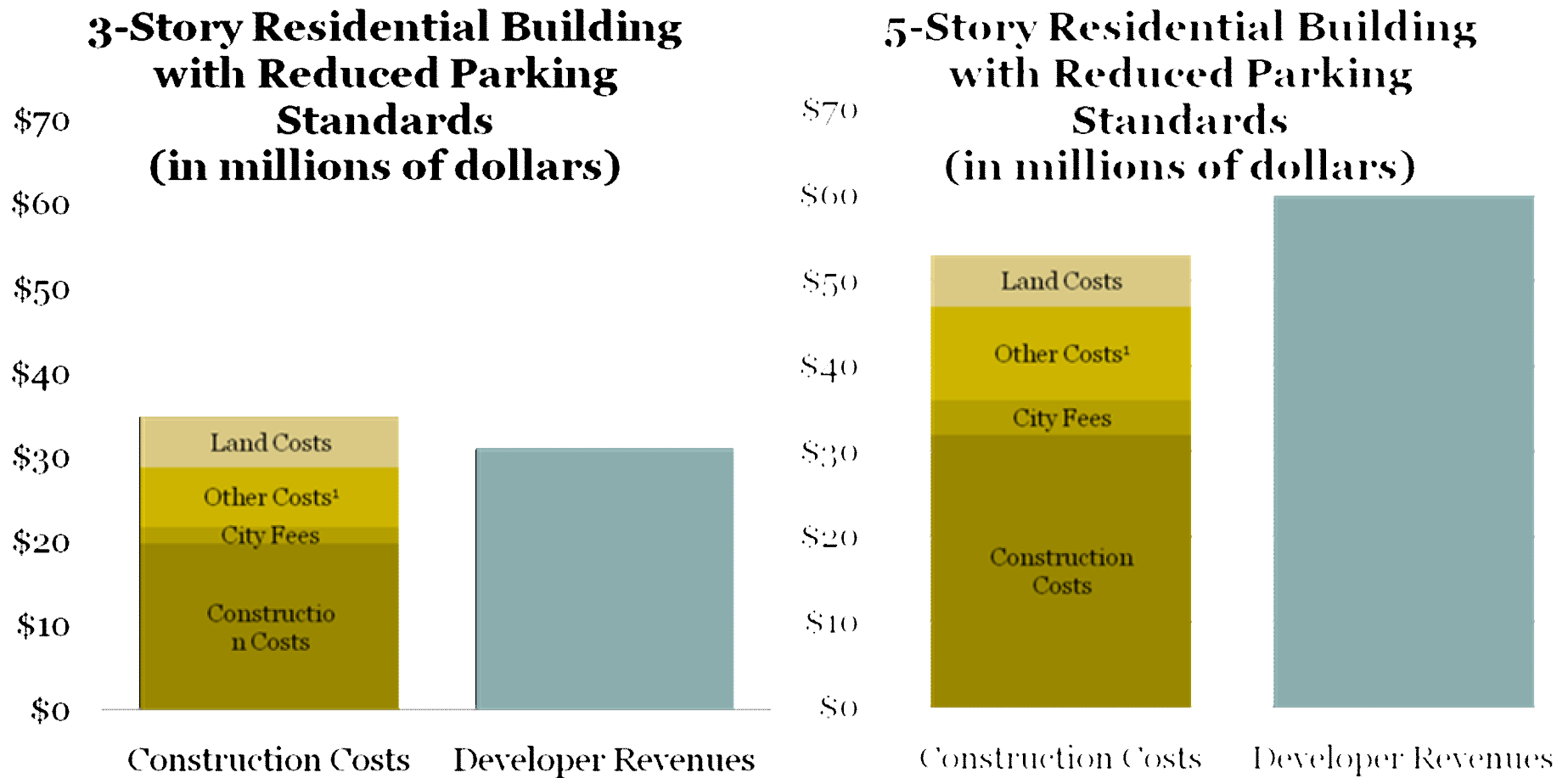
# Net Zero, Low Carbon Microgrid Design



# Suburban Development Attracts Equity Over Higher-Cost, Lower-Profit TOD



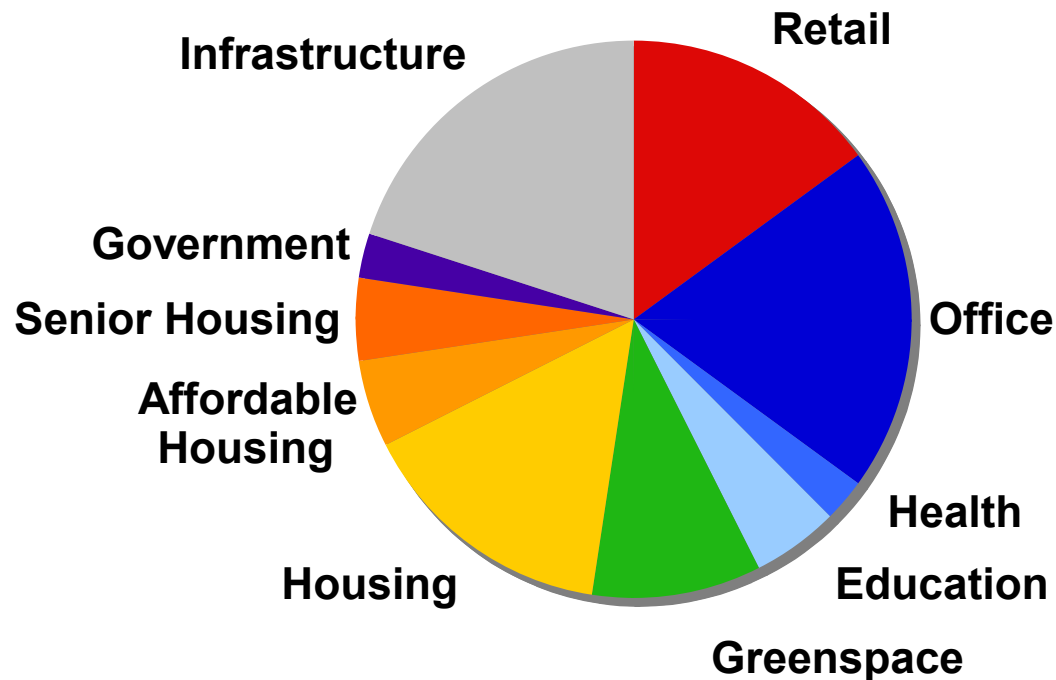
# Appropriate Up-Zoning



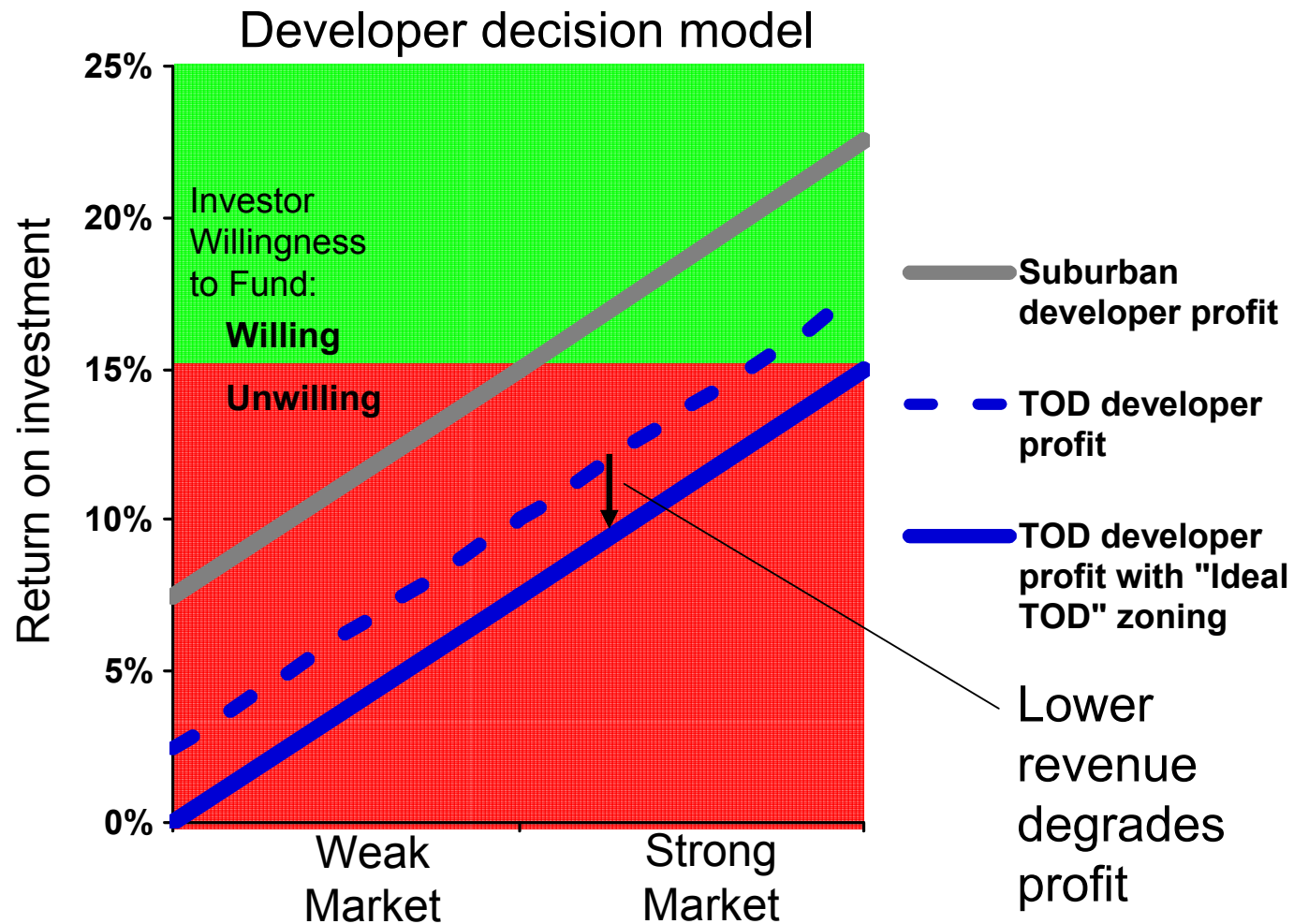
Source: Strategic Economics 2009

# **Idealized Mixed-Use Zoning Ignores Real Estate Market Realities**

**Idealized TOD Land Uses**  
Hypothetical



# Zoning for “Ideal TOD” Could Stifle Development by Reducing Revenues



# Various Sources of Public Subsidy to Help “Smooth” the Market Challenges

- **Federal Sources**

- Low Income Housing Tax Credits
- HOME Funds
- Community Development Block Grant Funds
- New Markets Tax Credits
- American Recovery and Reinvestment Act Funds
- HUD Office of Community Sustainability

- **State Sources**

- Prop 1c Monies

- **Regional Sources**

- MTC's TLC program
- ABAG's PDA's and Focus

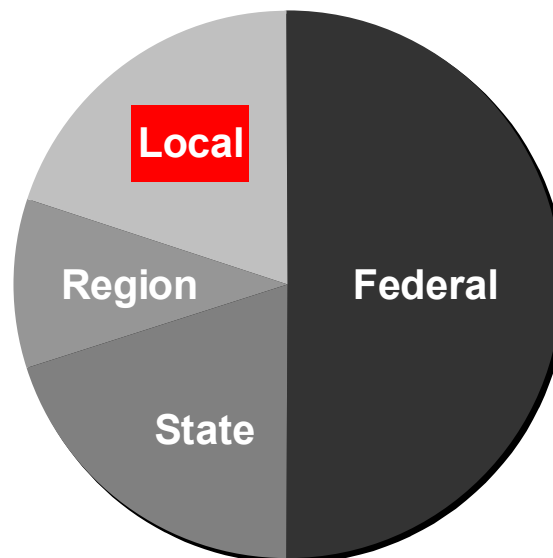
- **Local Sources**

- Tax increment
- Other General Fund Revenues

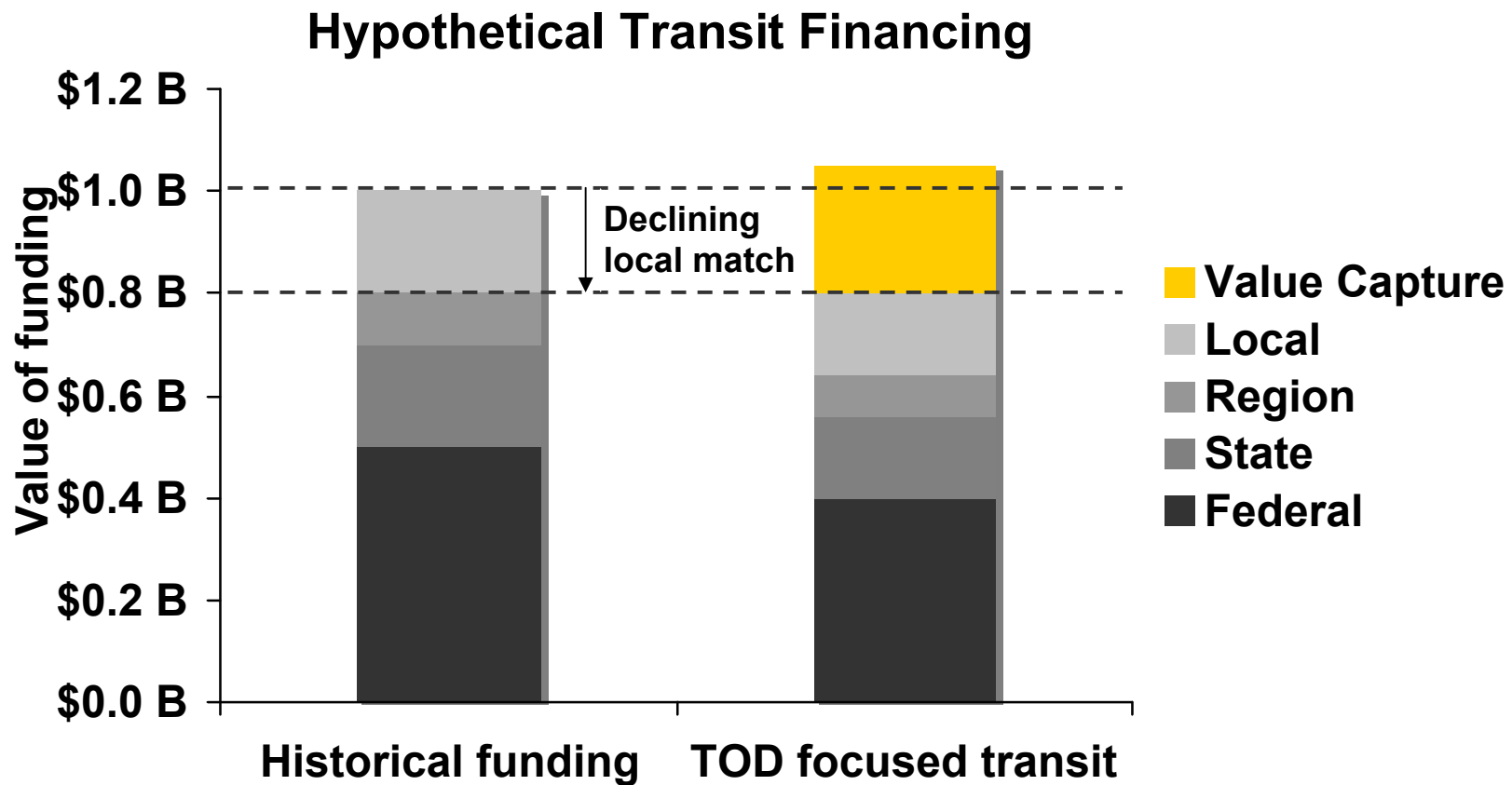
**Sources are insufficient to meet demand**

# Federal Funds Typically Dominate Transit Infrastructure Financing

Typical Transit Capital Funding Sources

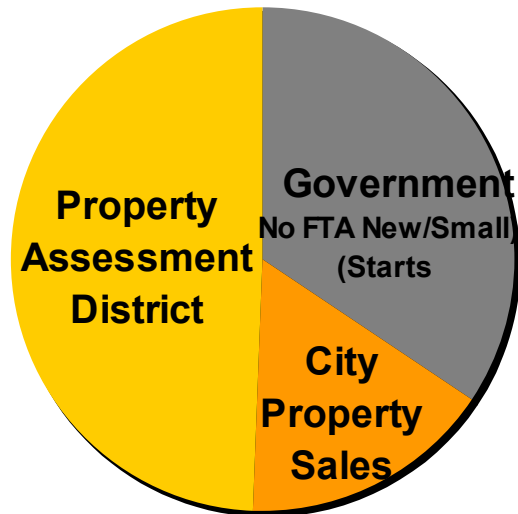


# Value Capture Can Help Fill The Gap in Local, Regional and State Support



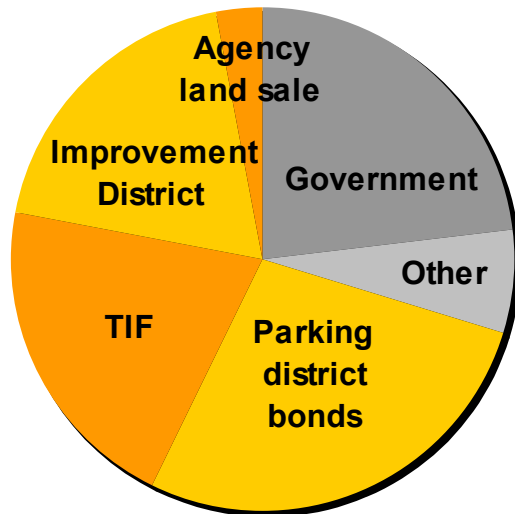
# Seattle Streetcar Infrastructure Primarily Funded by Property Value Capture

Seattle Streetcar  
Infrastructure Financing  
Sources (\$52M)



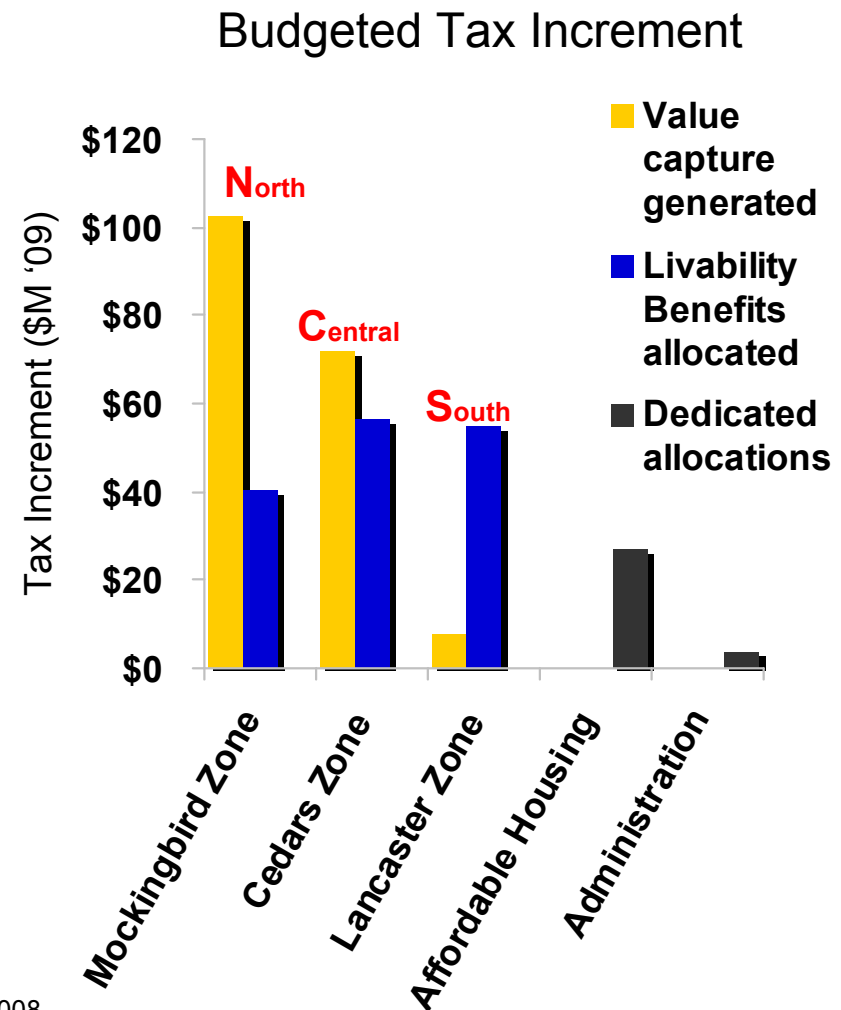
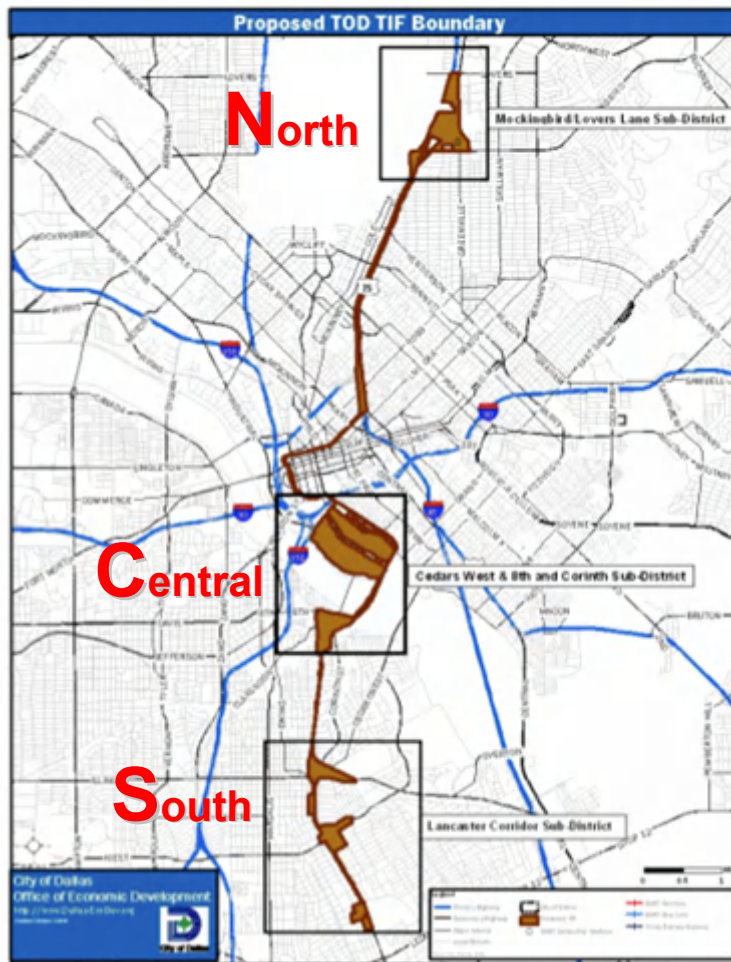
# Portland Streetcar Infrastructure Primarily Funded by Property-Related Value Capture

Portland Streetcar  
Infrastructure Financing  
Sources (\$103M)



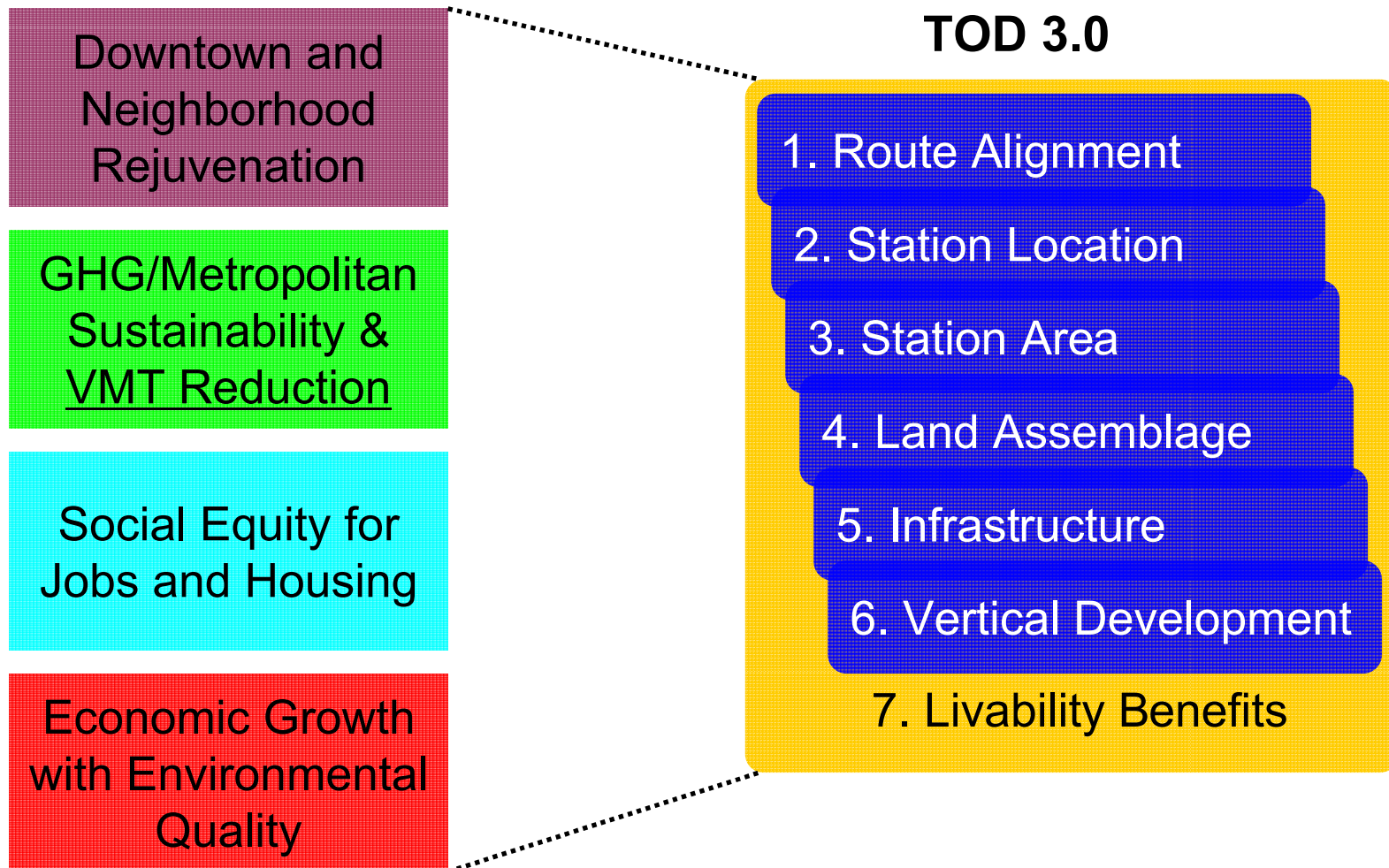
# Dallas TOD Tax Increment Zone

## Fund \$182M Corridor-wide Livability Benefits



Source: Office of Economic Development; "Dallas TOD TIF Plan;" City of Dallas; 2008

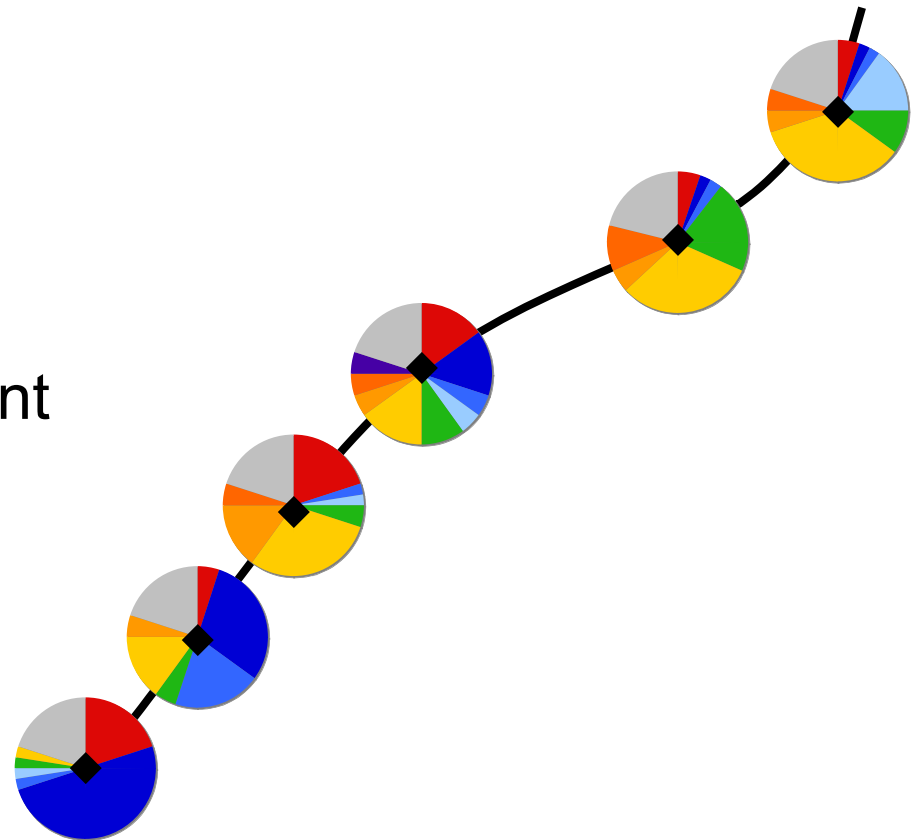
# Refocus TOD Implementation - Investment and Livability Benefit Outcomes



# “Livability Benefits” Become Key Criteria for Corridor/Station Planning

Corridor is designed to maximize:

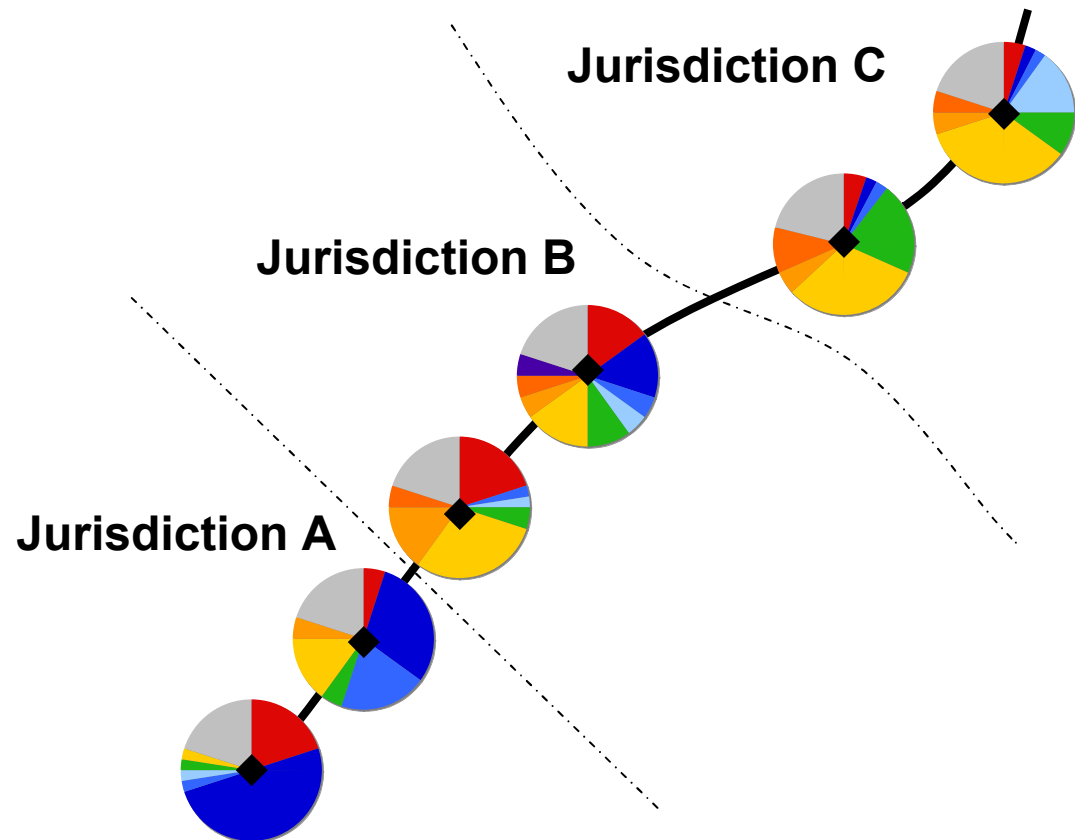
- Mobility
- Equity
- Environment
- Public space
- Economic development
- Education
- Services
- Infrastructure



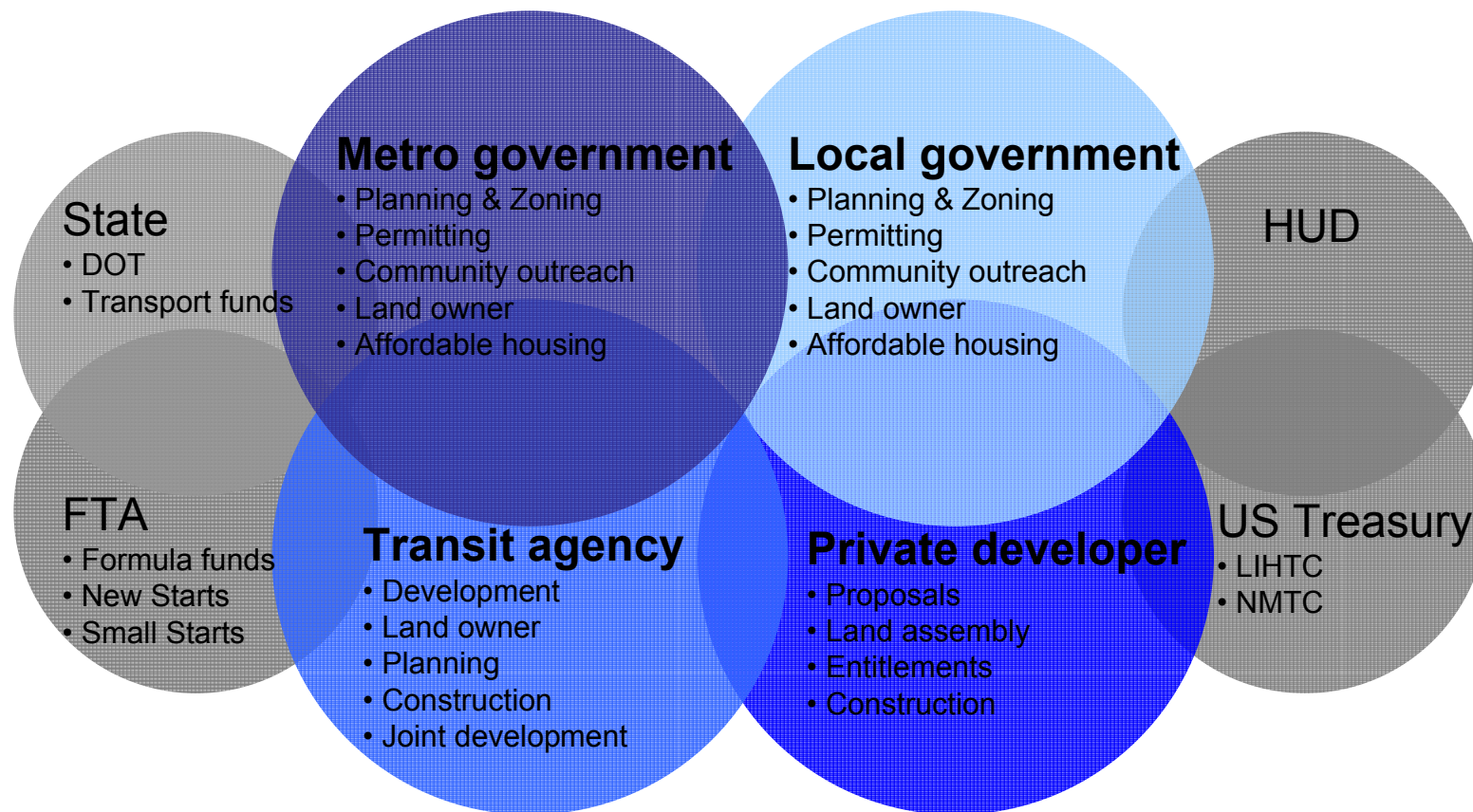
# Corridor Level Zoning Only Possible if Jurisdictions Share Benefits & Burdens

Intra-government agreements address sharing corridor-

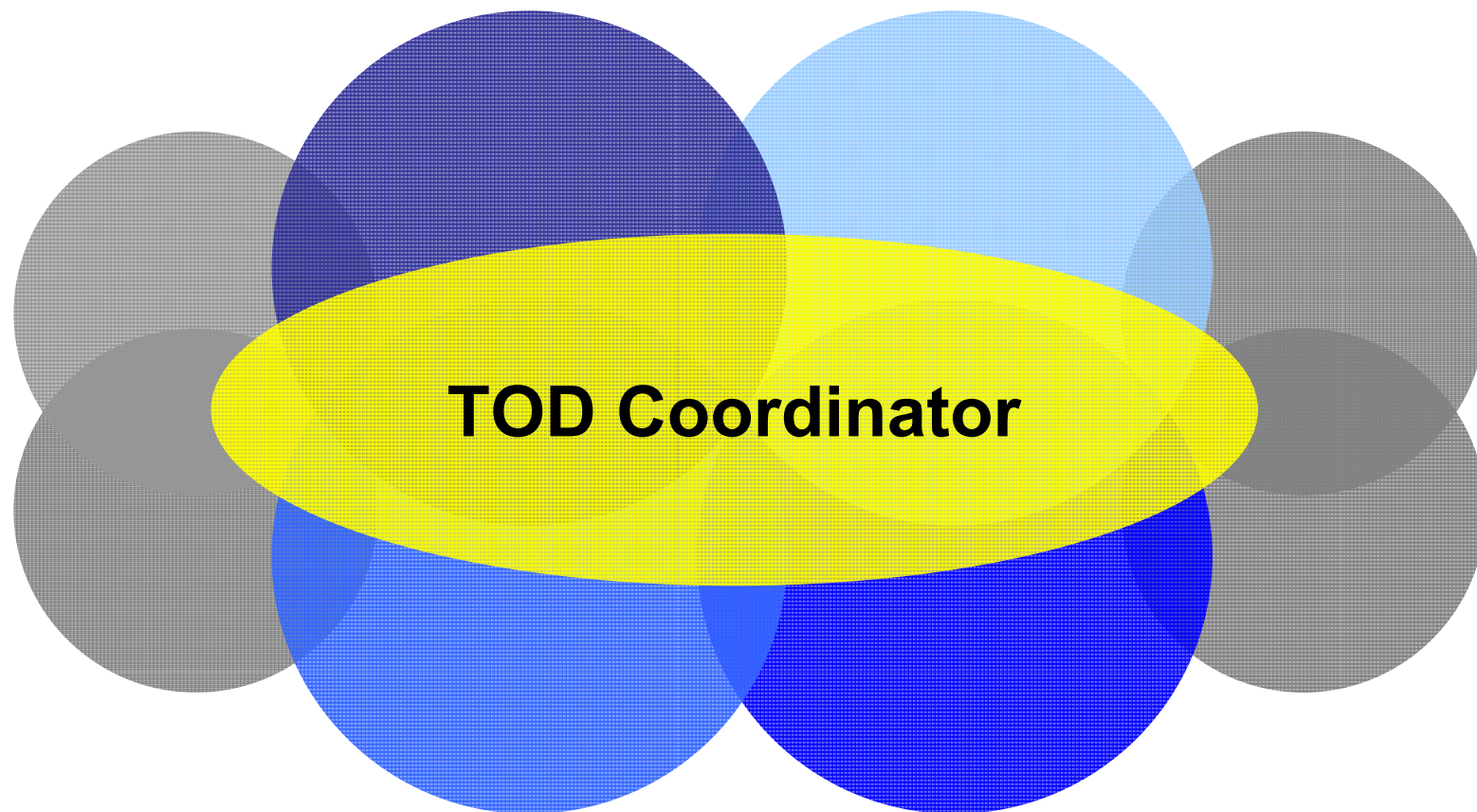
- Benefits
  - Sales tax
  - Property tax
  - Transit occupancy tax
  - Parking fees
- Burdens
  - Parks costs
  - School costs
  - Public health costs



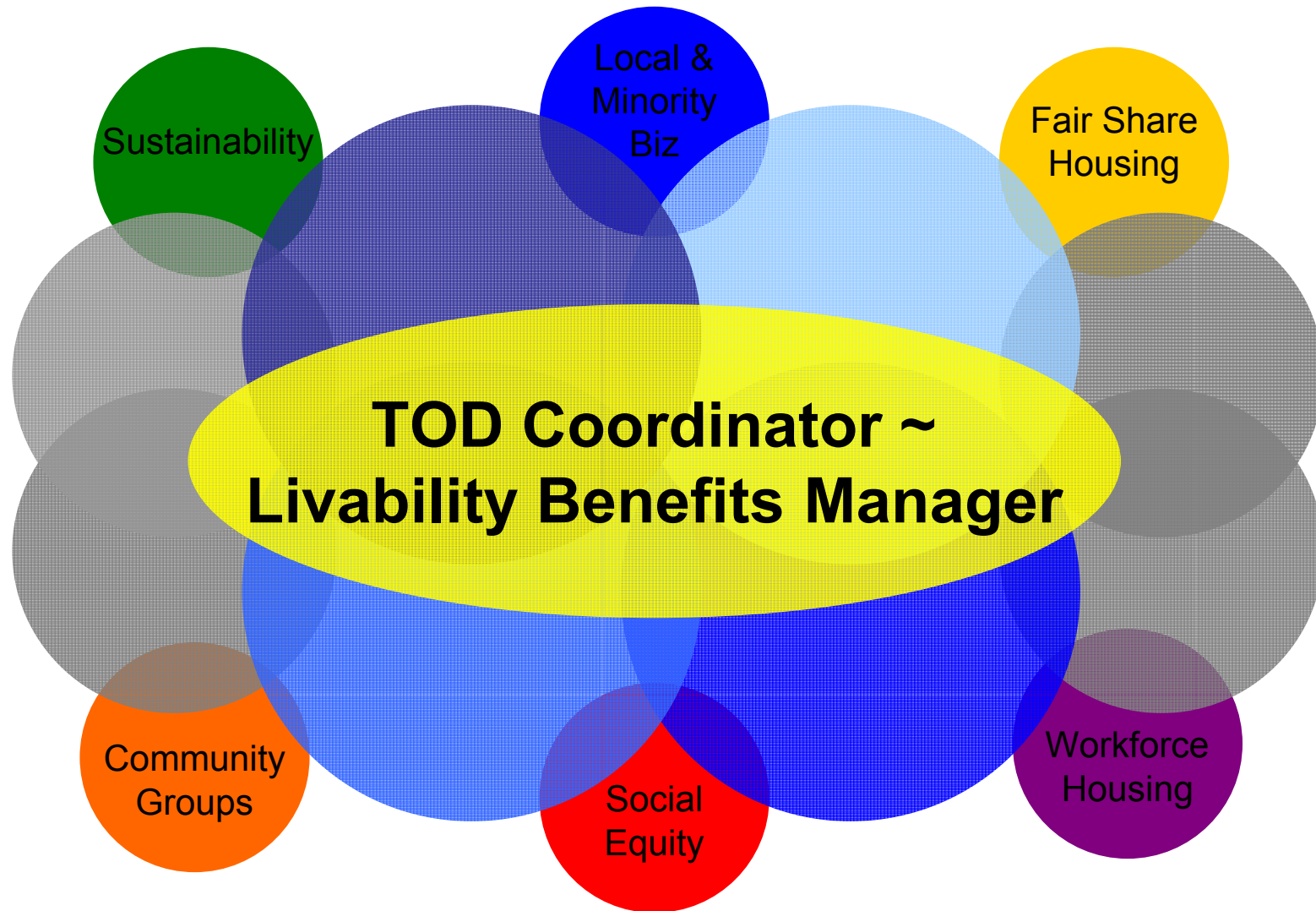
# TOD Requires Coordination Of Numerous Institutions With Individualized Goals



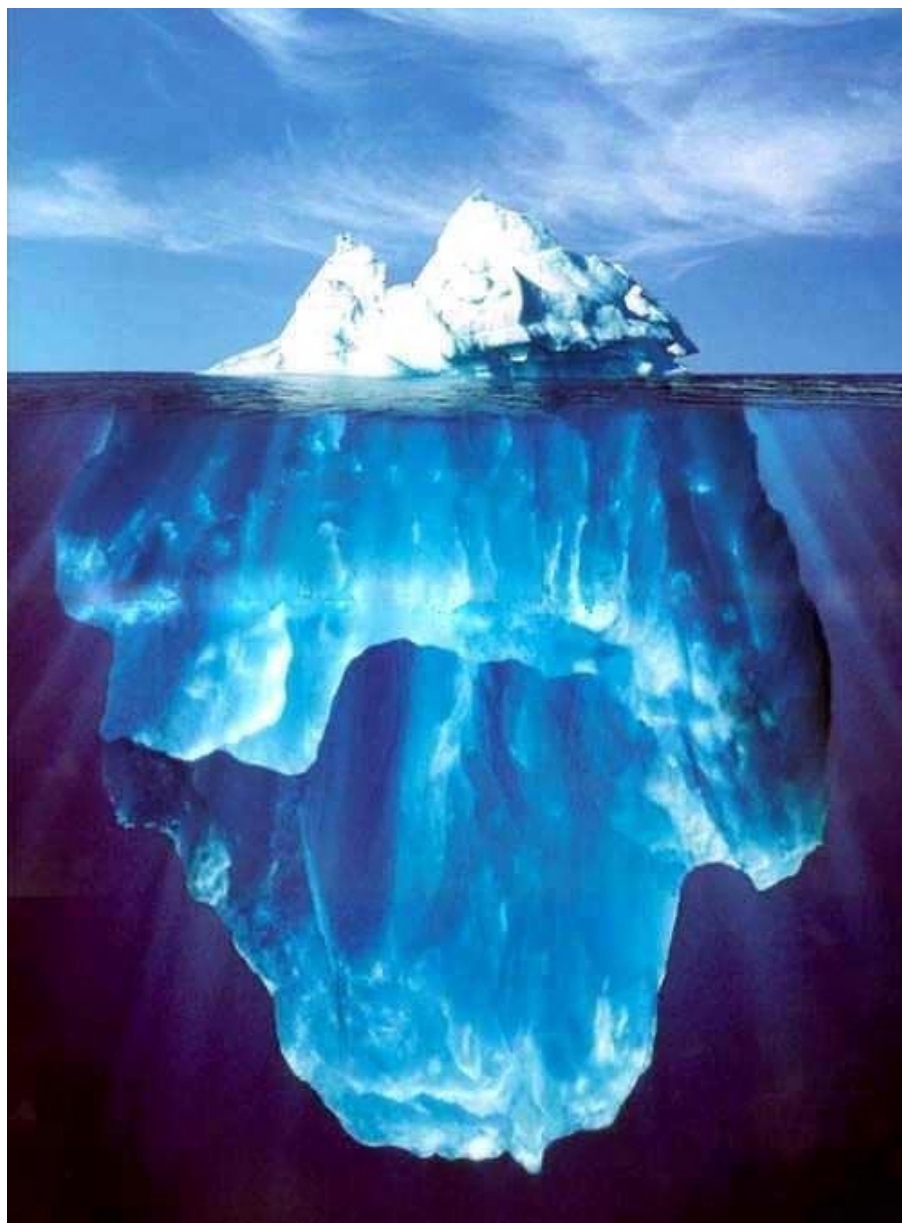
# **Leverage Coordinating Entity to “Own” TOD During Transit Implementation Process**



# Coordinate Business & Community Interests To Maximize Corridor-wide Livability Benefits







# Bay Area Scorecard

## STRENGTHS:

- Clear vision
- State/Regional policies linking land use and transit
- Connected Urban Open Lands
- Identified set of Preferred Development Areas (PDA's)
- Targeted funds for infrastructure within PDA's
- Entrepreneurial mindset and access to private equity

## NEED TO ADDRESS:

- **Employment** – evolution of job formation and location
- **Equity** – expanded access to education, training, services, new jobs
- **Investment** – long-term financing for transit, shuttles, water projects, pedestrian/bike amenities, green infrastructure
- **Execution** – models for how to incorporate Livability benefits along the corridor

# Rethink Assumptions

**Re-formulate:** the BIG IDEA – 6-8 Sustainable Corridors

**Re-engage:** employers, entrepreneurs, residents, advocates

**Re-examine:** getting people to and from homes-transit stations  
-jobs-services

**Re-draw:** plan for Transit *Districts*, not TOD projects

**Re-measure:** extend TOD thinking beyond the half mile

**Re-finance:** expand the funding base

## Promote Catalytic Projects

- Catalytic Projects – HUD/ABAG/MTC to promote, monitor, and evaluate effective strategies to reduce mobile GHG/VMT.
- Request for Innovation (RFI) -- promote business-developer-community-municipal joint endeavors.
- Incorporate innovative pricing models that can reduce VMT.
- **Constant Innovation – tap into California entrepreneurship, creativity, and openness to new ideas.**

# Dynamic Sustainability

2020 - Reduce GHG 25% (10 Years)

2050 -- Reduce GHG 80% (40 Years)

- **Public Investment Strategy**
  - Infrastructure/mobility financing districts near transit
  - Transit Corridor land acquisition assistance for assembling sites
  - Value Recapture \$ fund transit improvements and operations
- **Pricing Incentives**
  - Permit pricing linked to VMT
  - Parking and congestion pricing
  - VMT Targets with incentives and penalties
- **Environmental/VMT Management**
  - CEQA project reviews waived if located within Corridor
  - Limited building permits available for higher per capita VMT projects
- **Underwriting Criteria include Generated VMT/Carbon Footprint**
  - Lenders incorporate location and proximity to transit service as part of determining cost of capital

# Response to HUD/DOT/EPA

- Link **measurable sustainability objectives** for Land Use Plans, Zoning, Housing, Employment, Energy, Environment
- Incorporate **broader “Livability Benefits”** into the vision
- Extend support infrastructure **beyond just TOD projects**
- **Expand the political base** for funding
- Explore **new management models**
- **Enlarge the dialogue** via the web and community interests

# For Discussion

- Can our regional vision be executed “radically” in order to become politically and economically feasible?
- Explore using Sustainable Corridors to broaden political appeal for the vision?
- How to measure and achieve “Livability” benefits?
- How do we manage this undertaking -- to truly maximize ideas and programs among the stakeholders?
- How best to leverage multiple financial resources?
  - local municipalities
  - Transit Agencies
  - Regional Partners – MTC/ABAG
  - Real estate developers and investors
  - Not-for-Profit advocates
  - Labor, Pensions, Employers

# Regional Form and Growth

1950's	Form Follows <u>Function</u>
1960's	Form Follows <u>Freeways</u>
1970's	Form Follows <u>Fuel</u>
1980's	Form Follows <u>Financing</u>
1990's	Form Follows <u>Formulas</u>
2000's	Form Follows <u>Florida</u> ( <i>Seaside and Richard</i> )
2010's	Form Follows <u>Forums</u>